

# MINUTES

BUDGET & FINANCE COMMITTEE  
CITY OF BRANSON, MISSOURI  
February 28, 2011

## **1) Call to Order**

The regularly scheduled meeting of the Budget & Finance Committee met in the Fish Bowl of City Hall, Monday, February 28, 2011 at 9:00 a.m. The meeting was called to order by Alderman Bob Simmons, in the absence of Mayor Presley.

## **2) Roll Call**

Committee Members present were City Administrator Dean Kruithof, Alderman Bob Simmons, Alderman Mike Booth, Sandy Bruns, and Brian Blankenship.

Member absent: Mayor Raeanne Presley.

Also present: Lori Helle, Jamie Rouch, Carl Garrett, Bill Derbins, Bill Tirone, Sally Kaucher and Nancy Haskin.

## **3) Discussion of Convention Center January 2011 financials.**

Bill Derbins presented the January 2011 financials for the Convention Center. The discussion began with an explanation that the numbers in Section I Executive Summary of the Month End Report were incorrect, but the financial statements were correct. He apologized for the inconvenience, and revised copies were passed out, but still found to be incorrect. Bill will have the report corrected, reviewed, and will email to Jamie. A discussion was held regarding the Convention Center Capital Reserve. Lori stated that they budget 4% of revenue for capital. Bill Derbins reported that he will do a 5 year Capital spreadsheet and bring to the committee.

Bob Simmons thanked Bill for adding the attendance numbers to the Convention Calendar, and also complimented Bill for serving food that is always "great".

## **4) Discussion of past due sewer bills.**

Lori informed the committee that Tri-States Utilities will begin billing the sewer charges for their customers beginning March 1. In an effort to collect past due sewer bills, Lori reported to the committee that letters, signed by Acting City Attorney Dub Duston, were sent out to all sewer customers with past due balances. The total amount of all water and sewer past due accounts was approximately \$300,000, with approximately 50% of that amount in penalties and interest. To date, close to \$27,000 has been set up on payment plans, and approximately \$10,000 has been paid. Mike Ray and Lori are still in negotiation with Tri-States regarding the sewer customers with credit balances. The City can issue refund checks, which would result in writing a great number of checks for very small amounts, or preferably Tri-States will issue the credits on their first billing, and the City can write one check to Tri-States for the total credit amount.

Lori also reported that Mike Ray is now working with Public Water District #3 to secure an agreement for them to also bill the sewer charges for their water customers.

# MINUTES

BUDGET & FINANCE COMMITTEE

CITY OF BRANSON, MISSOURI

February 28, 2011

## 5) Discussion of Tourism Marketing Funds.

Lori presented an overview of the Tourism Marketing Funds and how they are distributed. Twenty-five percent (25%) of tourism funds collected are allocated to marketing, with the other 75% allocated to capital reserve. Marketing funds for the Convention Center are projected to be \$500,000 for 2011; a 2% Contingency reserve is held; and the remainder is reimbursed to the Branson Chamber of Commerce/CVB for marketing expenses. Lori reported that the Marketing Reserve is projected to have a balance of \$427,720.14 at the end of 2011.

Discussion was held regarding the possibility of giving some of this reserve to the CVB. It was decided to wait until after the audit and then revisit this item before making a decision. *The committee asked Dean and Lori to review the contract with the CVB to verify that it does not state the City is expected to remit an exact amount of money. The contract has been reviewed; it will be discussed again after the completion of the audit. The committee may feel that more definite clarification is needed. Excerpts of the current contract are as follows:*

*Tourism Tax Marketing Fund is calculated by the following:*

*100% of the Tourism Tax collected minus 2% for administrative fees results in 98%. Of this 98%, 75% is deposited in an infrastructure account and 25% is deposited into a Tourism Promotion Account. Of the 25%, the Contingency Fund and the Convention Center Marketing Fund is subtracted. The remainder of the funds will be considered the Tourism Tax Marketing Fund.*

(c) Notwithstanding any other provision of this Contract, in no event shall the City make payments in excess of the Tourism Tax Marketing Fund. Nor shall the City make any payment unless there are sufficient collected unencumbered funds, not otherwise appropriated, on deposit in the Tourism Tax Trust Fund.

It is expressly understood that in no event shall the total reimbursement under the terms of this Contract exceed the amount in the Tourism Tax Marketing Fund.

It is understood and agreed by all parties that the City shall in no event incur indebtedness or act as guarantor or endorser of the credit of the Chamber, nor shall any City revenue be pledged or encumbered for the benefit of the Chamber except as consideration for services rendered under this Contract.

## 6) Regular Reports:

### A. Minutes

Dean Kruithof moved to accept the minutes of the 1-24-11 meeting as presented. This was seconded by Brian Blankenship. Motion carried.

Lori Helle reported back to the committee regarding the amount the City had charged for monthly parking prior to the Convention Center. Monthly parking for both the Reish and the Awberry lots had previously been \$20 per month, per space. The Hilton

# MINUTES

BUDGET & FINANCE COMMITTEE  
CITY OF BRANSON, MISSOURI  
February 28, 2011

is now charging \$30 per month, per space. After discussion, the committee felt the \$30 was a fair price for covered parking.

As noted in the minutes, the Missouri Department of Revenue charges \$35 per report for a Closed Business Report. A discussion was held as to whether this report was needed. It was determined they would discuss this item further at the next meeting, after looking at a report compiled by Carl Garrett. **Due to the seasonal nature of Branson, with many businesses being closed during the winter, Carl does not feel it would be possible to prepare this report with any accuracy until April or May. Also, he has learned that the City will receive a report in August from DOR (as of 6-30-11) that is free of charge.**

Lori also clarified a previously discussed item, the Wharf Reserve. The question had been asked if the money in the Reserve could be used for anything other than the Wharf area. After much research, it was found that the lease revenue from the Wharf has been going into the General Fund since 2004, and the Wharf Reserve, approximately \$478,000, has just been sitting in a separate line item within the General Fund, not being used. Because this was directed by Ordinance in the past (prior to Branson Landing being built), it was suggested by Lisa Westfall, City Clerk, to amend the Ordinance and to free up the Wharf Reserve money. This is tentatively scheduled to be on the April 8<sup>th</sup> Board of Aldermen agenda.

Lori Helle also reported to the committee that the Cash Balance report will be prepared and presented to the committee on a quarterly basis.

## **B. Monthly Sales & Tourism Tax Reports**

Carl Garrett gave a short overview of the monthly sales and tourism tax reports. Sales tax for February, representing December sales, was up 38.9% for the month and up 3.0% year to date. Without the "Music City" refunds, sales tax would have been up 8.5% year to date.

Tourism tax was up 65.3% for the month of January, and up the same amount year to date. January tourism tax represents December sales. However, due to the receipt date of the tax payments, February will more than likely be down approximately 50%.

## **C. Presentation & Discussion of Monthly Financial Reports – January 2011**

Lori Helle presented the January 2011 financials. Revenues are tracking right on line, and the increase in the Water and Sewer Fund is largely due to the increased revenue as a result of the meter change-outs. This should continue as the Utilities Department is still in the process of changing meters.

# MINUTES

BUDGET & FINANCE COMMITTEE  
CITY OF BRANSON, MISSOURI  
February 28, 2011

**7) Review of Disbursements & Approval of Disbursements \$50,000 and over. (Jan 20, 2011; Jan 27, 2011; Jan 28, 2011; Jan 31, 2011; Feb 3, 2011; Feb 7, 2011; Feb 10, 2011; Feb 17, 2011; and Feb 23, 2011)**

Disbursements were acknowledged as presented. Brian Blankenship moved, seconded by Sandy Bruns to accept the disbursements. The question was raised as to why we were paying a January 2010 expense to the Chamber of Commerce, in the amount of \$37,400. Jamie Rouch replied she was sure it was a typo, and should have been 2011. Brian Blankenship amended his motion to accept the disbursements subject to the correction of the Branson Chamber of Commerce January 2010 check to reflect January 2011. This amended motion was seconded by Sandy Bruns, the amended motion passed, and then the disbursements were accepted unanimously.

**8) Discussion of Policies.**

**A. Reserve Policy**

Lori presented the Reserve Policy to the committee for their review and discussion. She explained that this policy must be in place in order to properly write the new Fund Classification Policy as required by GASB 54. The Reserve Policy clearly states the City maintains a 20 percent reserve established by Branson Code Sec. 2-426. The policy also states that by Board direction, a 10 percent contingency reserve is being maintained. In the policy, the 20 percent is referred to as the "Operating Reserve" and the 10 percent is referred to as the "Contingency Reserve". An "Operating Reserve" of 20 percent is also maintained in the Recreation Fund and Water and Sewer Fund.

Following discussion of the definition of "Operating Reserve", the committee asked Lori to insert the phrase "due to the volatility of revenue sources" into her explanation. "Contingency Reserve" as defined is to be used for something totally unforeseen and that does not occur routinely. Should the Operating Reserve and/or Contingency Reserve fall below the anticipated reserve level as stated in the policy, the committee was in agreement with Lori's policy for replenishment ... "the City Administrator will bring forward a plan as part of the subsequent fiscal year budget to the Finance Committee and ultimately the Board of Aldermen to replenish the Reserve in a reasonable timeframe".

Brian Blankenship moved to approve the Reserve Policy with noted changes, seconded by Dean Kruithof. This motion passed.

Per the committee's approval with changes, Lori has inserted the following paragraph into the Reserve Policy:

When determining the appropriate level of reserve balance to retain in each fund, the City used factors such as diversity and volatility of the revenues and expenditures (i.e., a higher level of reserves may be needed if significant revenue sources are subject to unpredictable fluctuations, which is the case with the City's main source of revenue — sales tax), potential drain upon general fund resources from other funds and

# MINUTES

BUDGET & FINANCE COMMITTEE

CITY OF BRANSON, MISSOURI

February 28, 2011

commitments as well as the availability of resources in other funds, credit-rating implications, economic realities, and GFOA guidelines to set the City's minimum fund balance requirement. The GFOA (Government Finance Officers Association) recommends a minimum fund balance of no less than 2 months of regular operating expenditures (16.7%).

**B. Fund Balance Classification Policy**

Lori presented the Fund Balance Classification Policy and explained GASB 54. This policy is to define fund balance classifications that can be more consistently applied to enhance the fund balance information. GASB 54 states that Fund Balance amounts will be classified with the following constraints: 1) Non-Spendable, 2) Restricted, 3) Committed, 4) Assigned, and 5) Unassigned. Since this is new for 2011, Lori suggested the committee wait to approve this policy until after the auditors have an opportunity to review it. She will bring it back to the Finance Committee at a later date.

**C. Investment Policy**

The committee approved the list of Investors at the January meeting, but had discussed revising the minimum capital requirement. Lori revised the Investment Policy to incorporate the suggested changes. Brian Blankenship moved to accept the changes and approve the Investment Policy, seconded by Mike Booth. Motion carried.

**9) Finance Director's Report**

Finance Director Lori Helle had nothing further to report.

**10) Adjourn**

Mike Booth moved the meeting adjourn, seconded by Brian Blankenship. Motion passed. The next regular meeting will be held Monday, March 28, 2011.